GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:559
ANSWERED ON:18.11.2016
Action on Black Money
Dubey Shri Satish Chandra;Kumar Shri Kaushalendra;Singh Shri Rakesh;Singh Shri Uday Pratap;Tripathi Shri Sharad

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has made any assessment about the black money in the country and abroad and if so, the details thereof;

(b) whether the Government has achieved success in bringing back black money deposited in foreign banks during the last two years and if so, the details thereof;

(c) whether there is any system in place to monitor the inflow of black money in the country and if so, the details thereof; and

(d) whether the Government has any plan to identify the persons who have stashed black money in India and abroad, if so, the details thereof along with the number of individual and companies identified under the plan and the steps taken /progress made by the Government so far?

Answer

MINISTER OF STATE FOR FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a): There is no official estimation of the amount of black money within the country and stashed abroad. The Government had commissioned a study on the above through National Institute of Public Finance and Policy (NIPFP), National Council of Applied Economic Research (NCAER) and National Institute of Financial Management (NIFM), reports from which have been received. These reports are under consideration of the Government.

(b) to (d): Appropriate action against tax evasion including in respect of unaccounted income stashed in foreign countries, is an on-going process. Such action under direct tax laws includes searches, surveys, enquiries, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable. Recognizing various limitations under the existing legislation [Income-tax Act, 1961, etc.], the
Government enacted 'The Black Money (Undisclosed Foreign Income and Assets) and
Imposition of Tax Act, 2015' − to specifically and effectively tackle the issue of black money stashed away abroad. This has, inter alia, provided for more stringent provisions of penalties and prosecutions in respect of black money stashed away abroad. Further, under this law, for the first time the offence of wilful attempt to evade tax, etc. in relation to undisclosed foreign income/assets has been made a Scheduled Offence for the purposes of the Prevention of Money-laundering Act, 2002 (PMLA). This enables attachment and confiscation of the proceeds of crime of wilful attempt to evade such tax, etc., eventually leading to recovery of such undisclosed foreign income and assets/black money stashed away abroad. The new law came into force w.e.f. 01.07.2015.

However, before the cases involving black money stashed away abroad were subjected to more stringent provisions of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, a one-time three months' compliance window closing on 30th September 2015 was provided under the new law wherein 648 declarations involving undisclosed foreign assets worth Rs.4164 crore were made. The amount collected by way of tax and penalty in such cases is about Rs.2476 crore.

The Government has taken several steps to effectively tackle the issue of black money, particularly black money stashed away abroad. Such measures include policy-level initiatives, more effective enforcement action on the ground, putting in place robust legislative and administrative frameworks, systems and processes with due focus on capacity building and integration of information and its mining through increasing use of information technology. Recent major initiatives in this regard include − (i) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court, (ii) Enactment of a comprehensive law −'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' which has come into force w.e.f. 01.07.2015 to specifically and more effectively deal with the issue of black money stashed away abroad, (iii) Constitution of Multi-Agency Group (MAG) consisting of officers of Central Board of Direct Taxes (CBDT), Reserve Bank of India (RBI), Enforcement Directorate (ED) and Financial Intelligence Unit (FIU) for investigation of recent revelations in Panama paper leaks, (iv) Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions, (v) According high priority to the cases involving black money stashed away abroad for investigation and other follow-up actions including prosecutions in appropriate cases, (vi) While focusing upon non-intrusive measures, due emphasis on enforcement measures in high impact cases with a view to prosecute the offenders at the earliest for credible deterrence against tax evasion/black money, (vii) Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI) and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA), (viii) Renegotiation of DTAAs with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAAs and TIEAs with many jurisdictions to facilitate the exchange of information and to bring transparency, (ix) Enabling attachment and confiscation of property

equivalent in value held within the country where the property/proceeds of crime is taken or held outside the country by amending the Prevention of Money-laundering Act, 2002 through the Finance Act, 2015, (x) Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and provide for prosecution, (xi) Initiation of the information technology based 'Project Insight' by the Income Tax Department for strengthening the non-intrusive information driven approach for improving tax compliance and effective utilization of available information.

These measures have equipped the Government better in curbing the menace of black money stashed away abroad. Further, sustained and prompt action taken by the Income Tax Department in various cases involving black money has resulted into assessment of substantial amounts of undisclosed income, levy of concealment penalty and filing of criminal prosecution complaints for various offences in appropriate cases.

As part of enforcement measures, during the period from 01.04.2014 to 31.10.2016, the Income Tax Department (ITD) conducted searches in 1242 groups of assesses, seizing undisclosed assets worth Rs.2,029 Crore. These assesses admitted undisclosed income of Rs.28,567 Crore. During the same period, 13,690 surveys conducted resulted in detection of undisclosed income of Rs.30,001 Crore. Similarly, during the period from 01.04.2014 to 30.09.2016, the Income Tax Department has filed 1514 prosecution complaints while offences were compounded in 2244 cases and 75 persons have been convicted by the Courts.

Further, under the Income Declaration Scheme, 2016, the Government has received 64,275* declarations disclosing undisclosed income of Rs.65,250 crore*.

*Provisional figures